

## ELEMENT 8

**The process for developing an inventory and ranking, in order of priority of needs for construction of waste treatment works required to meet the applicable requirements of section 301 (Effluent Limitations) and 302 (Water Quality Related Effluent Limits) under the Clean Water Act Title III-Standards and Enforcement.**

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*Summary – The water quality needs for communities are significant. The Missouri Department of Natural Resources maintains an inventory of identified public wastewater works construction needs, identifying the priority projects found in the Clean Water Needs Survey Report to Congress. This needs survey is a joint effort between the states and the U.S. Environmental Protection Agency (EPA) to meet the requirements of Sections 205(a) and 516(b) of the Clean Water Act.*

*A “need” by this definition is a cost estimate for a project eligible for Clean Water State Revolving Fund loans and state grants. Missouri’s process for inventory and ranking of public wastewater treatment works construction needs has been in use since the late 1970’s. Missouri uses federal money to help communities fund their wastewater treatment construction works in progress or modifications as needed and to help modify their inventory and ranking process to be consistent with the requirements of federal statute law under Title VI of the Clean Water Act. New project requests from communities for funding are continuously being developed. With respect to a particular community need for a project that abates a public health or water quality problem, cost estimates are developed for funding within the scope of the state’s water quality State Revolving Funding capabilities.*

*The FY 2001 Clean Water State Revolving Fund Direct Loan and Nonpoint Source Loan Program, the Federal Special Infrastructure Grant Program, the State Forty Percent Grant Program, and Hardship Grant and Loan Program are all part of one plan, commonly referred to as the department’s Intended Use Plan. In order to utilize state and/or federal funding to finance water or wastewater system improvements, a preliminary project proposal for the Missouri Water and Wastewater Project proposal must be completed. Beginning in 2002, all project applications for loans and grants for water quality will be submitted to the Missouri Water and Wastewater Review Committee prior to submission to the Missouri Department of Natural Resources for administration of the grant and loan programs.*

### Construction Grants Program

During the 1970s and 80s, the Construction Grants Program was a major source of federal funds. Not only did federal funds provide for the construction of wastewater treatment projects, they also included sewage treatment plants, pumping stations and collection and intercept sewers, rehabilitation sewer systems, and the control of combined sewer overflows. Improvements have occurred in thousands of communities. In 1987, the U.S. Environmental Protection Agency (EPA) shifted the method of municipal financial assistance. Today the state of Missouri offers loans and refinancing. Although the department makes every effort to accommodate the needs of communities through loans and financing options, funding available for particular projects in

state programs places limits on what can be accomplished during a particular fiscal year. For example, when new information relating to the priority rating factors for construction of waste treatment works is presented, project ratings are reviewed and then appropriately revised.

## **Process of Inventory and Ranking**

Missouri's process for inventory and ranking of public wastewater treatment works construction needs has been in use since the late 1970s. This is when the federal water pollution control legislation first authorized federal construction grants to assist public entities with the cost of meeting federal and state water pollution control requirements. In 1987, the U.S. Congress enacted the federal Clean Water Act amendments that phased out construction grants and authorized the establishment of state revolving loan programs. Missouri uses federal funding programs to help communities who identify themselves through the application process for funding of their wastewater treatment construction works to obtain grants and/or loans or modifications as needed. The state inventory and ranking process is continuously modified to be consistent with the requirements of federal statute law under Title VI of the Clean Water Act.

## **Inventory for Identified Public Wastewater Works Construction Needs**

The department maintains an inventory of identified public wastewater works construction needs, that reflects the priority projects listed in the Clean Water Needs Survey Report to Congress. The Clean Water Needs Survey Report to Congress is being written and will be available in 2002. The survey report serves to document and assess the need for publicly owned wastewater treatment facilities, correction of combined sewer overflows and management of storm water nonpoint source pollution in the United States. The report includes EPA's detailed estimates of capital costs eligible for funding under the State Revolving Fund provisions of the Clean Water Act amendments of 1987. The Clean Water Needs Survey is a joint effort of the states and EPA to meet the requirements of sections 205(a), (states receive funds in proportion to the ratio that the estimated cost for all needed publicly owned treatment works in each state bears to the estimated cost of construction for all such treatment works in all of the states), and 516(b), the EPA report to Congress of detailed estimates of the costs of carrying out the Act, including the costs for treating effluent nationally, of the Clean Water Act. With respect to the Clean Water Needs Survey, a "need" is a cost estimate for a project eligible for State Revolving Funds under the Clean Water Act.

## **Eligible Projects**

The water quality program needs for communities are significant. Eligible projects and programs eligible for funding in the Clean Water Needs Survey are the current inventoried projects given priority in Missouri. New project requests from communities for funding are continuously being developed. With respect to a particular community need for projects that will prevent or abate a public health or water quality problem, cost estimates are developed for funding within the scope of the state's water quality State Revolving Funding capabilities. Projects are initially prioritized according to criteria found in 10 CSR 20-4.010, Construction Grants\_Priority System, for two parallel assistance programs, the State Revolving Fund and the Forty-Percent State Grant Program. After projects are divided between the two assistance programs, they are prioritized according to the priority ranking criteria and assigned priority

points. When applications exceed the funds available, projects are listed in priority point order. Projects are reviewed, rated and assigned priority ratings that will make them eligible for funding. The department maintains an ongoing list of potential projects for use of available loan funds. As federal and state funds become available annually to fund treatment works construction, department staff jointly prepares the Clean Water State Revolving Fund (CWSRF) Intended Use Plan (IUP) for those projects determined eligible for funding in a particular fiscal year. These fiscal year plans are finalized in April of each year.

## **FY 2001 Clean Water State Revolving Fund Intended Use Plan**

The department is given authority by the state legislature to administer several state grant and loan programs. Each year Missouri prepares the Clean Water State Revolving Fund Intended Use Plan commonly referred to as the Intended Use Plan or IUP. The document contains the plans for the Clean Water State Revolving Fund (CWSRF) Program, the Federal Special Infrastructure Grant Program (FSIG) and the priority lists for the State Grant and Loan Programs and other programs.

The Intended Use Plan distributes Missouri's anticipated CWSRF Capitalization Grants as loans, matching state funds and repayments for the upcoming fiscal year. The IUP contains information regarding the development and management of the CWSRF priority lists and regarding assurances mandated by federal rules. Projects for waste treatment and management must be cost effective, meet requirements for construction costs, operation, maintenance and replacement costs and considered to be an overall waste treatment system. The IUP contains the project loan and grant lists for the CWSRF Direct Loan and Nonpoint Source Loan Program and the Federal Special Infrastructure Grant Programs, respectively, and the grants list for the State Forty Percent Grant Program, and the Hardship Grant and Loan Programs.

## **Applications**

Applications for each fiscal year for the State Revolving Fund Loan Program, the State Forty Percent Grant Program and the Hardship Grant and Loan Program are solicited by the Department of Natural Resources during the summer. State regulations establish Nov. 15 as the deadline for submitting applications. The department uses the application and financial information submitted to make an initial determination whether to include the project in the CWSRF leveraged loan or grant competition. FY 2002 applications will be required to go through the Missouri Water and Wastewater Review Committee prior to submission to the department's grant and loan programs.

## **Status of the Municipal Wastewater Treatment Infrastructure**

The 1996 EPA assessment of total documented and modeled needs for Missouri under both traditional and State Revolving Fund eligibility requirements must, for instance, satisfy the design requirements for population growth up to the year 2016. The total documented need for wastewater infrastructure in the above case represents the capital investment necessary to build publicly owned wastewater treatment facilities (in all categories) and to serve that design year population is the total amount eligible for funding under the CWSRF program. Other needs

estimates are supplied in the 1996 EPA assessment in addition to the total need estimates for facilities given here. Needs estimates are currently being revised.

- The total needs estimate for Missouri since 1996 has been for 1,138 facilities and is increasing.
- Total needs plus other eligible needs for 1996 including groundwater estuarine and wetland protection were for 2,304 facilities.
- Total needs for the State Revolving Fund-eligible projects under the Nonpoint Source (NPS) management (and the National Estuary Program) include 480 facilities.
- Total needs for the Phase I Storm Water Program for Missouri has no municipal separate storm sewer systems regulated under Phase I of the NPDES Storm Water Program
- Total needs for controlling NPS pollution from agricultural land, confined animal facilities and silviculture include 279 facilities
- The facilities summary for the total number of facilities that serve smaller communities are for 788 facilities.

The Clean Water Commission, the Missouri Department of Natural Resources and the Environmental Improvement and Energy Resources Authority are cooperating to maximize the amount of construction that can be supported by the CWSRF. Through the combined efforts of these agencies, Missouri can be expected to achieve approximately \$1.43 of construction for each \$1.00 of available EPA and state matching funds at this point in time. This cooperative program to increase the amount of construction is referred to as the State Revolving Fund Leveraged Loan Program.

## **Cooperative Financing: Missouri Water and Wastewater Review Committee**

In order to utilize state and/or federal funding to finance water or wastewater system improvements, a preliminary project proposal, the Missouri Water and Wastewater Project Proposal, must be completed. The project proposal and engineering report are submitted to one of the Missouri Water and Wastewater Review Committee (MWWRC) agencies. The project planning must conform to established, continual permitting authority for wastewater treatment collection and any Total Maximum Daily Load plans that stipulate effluent limits in the area. The project proposal is reviewed within 30 to 45 days. The MWWRC provides the applicant with a summary of comments about the technical, operational and financial aspects of the project proposal. Substantive comments by the MWWRC must be resolved prior to receiving a recommendation from them. A recommendation from the MWWRC will state the appropriate agency or multiple agencies from which to seek financial assistance. A recommendation from the MWWRC does not assure funding from each appropriate agency. Each agency on the MWWRC receives a copy of all correspondence. At this time an applicant must submit one original and five copies of the project proposal and preliminary engineering report to either the Community Development Block Grant (CDBG) program or the department's State Revolving Fund program. The department's Clean Water State Revolving Fund Intended Use Plan documents the program's requirements that determine whether a project becomes part of the CWSRF loan program and/or grants program competition. Beginning in FY 2002, all applications under these loans and grants for water quality will be submitted to the Missouri

Water and Wastewater Review Committee prior to submission to the department for administration of the grant and loan program.

The MWWRC agencies include:

Missouri Department of Economic Development  
Community Development Block Grant Program  
301 W. High St., P.O. Box 118  
Harry S. Truman Building  
Jefferson City, MO 65102

Missouri Department of Natural Resources  
State Revolving Fund  
205 Jefferson St., P.O. Box 118  
Jefferson Building  
Jefferson City, MO 65102

U.S. Department of Agriculture  
Rural Development  
601 Business Loop 70 West  
Parkade Center Suite 235  
Columbia, MO 65023

Applicants anticipating the utilization of state and/or federal funds to finance water or wastewater system improvements must complete a preliminary project proposal, consisting of a summary and engineering report. For FY 2001, an applicant must submit one original and five copies of the project proposal and the preliminary engineering report to either the Community Development Block Grant Program or to the department's State Revolving Fund Program.

## References

- Clean Water Act Title VI, EPA 1996 Clean Water Needs Survey Report to Congress
- Missouri Department of Natural Resources, Chapter 4, the Construction Grants Priority System, 10 CSR 20-4.010, through 10 CSR 20-4.070
- FY 2001 and FY 2002 Clean Water State Revolving Fund Intended Use Plan(s) Federal Infrastructure Grant and State Grant and Loan Funds document available through the program
- Additional sources for technical documents and grants can be assessed through at <http://www.cfda.gov>